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- ) ORDER ALLOWING
- ) OUT-OF-PERIOD PRICE
- ) ADJUSTMENT

This matter comes before the Public Service Commission of South Carolina (the Commission) on the letter of South Carolina Electric & Gas Company (SCE&G or the Company) which requests approval of an out-of-period adjustment to the cost of gas component. SCE&G requests approval of a proposed cost of gas adjustment from the current rate of 72.788 cents per therm to 92.780 cents per therm effective with the first billing cycle of March 2003. The 72.788 cents per therm cost of gas was approved pursuant to our Order No. 2002-747.

The Company states in support of the adjustment that natural gas prices have risen dramatically in recent months. The average NYMEX price of gas has increased \$3.007 per dekatherm, according to the Company's exhibit.

Accordingly, the Company requests that it be allowed to increase its cost of gas component by 19.992 cents per therm, from 72.788 cents per therm to 92.780 cents per therm, effective with first billing cycle in March 2003.

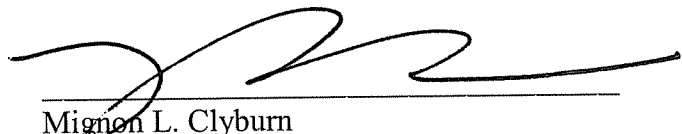
SCE&G points out that this Commission in Docket No. 87-426-G, Order No. 88-578, allows the Company to seek out of period adjustments if significant changes in the cost of gas occur. The Company believes that the unexpected increase in the cost of natural gas is sufficient reason to justify an out-of-period adjustment, and that the

Commission has the authority to act on the request without a public hearing, as per Docket No. 96-010-G, Order No. 96-839, and subsequent dockets and Orders. The Company notes that this Commission has found such changes to exist on previous occasions, most recently allowing an out-of-period cost of gas increase in Order No. 2000-1025 in Docket No. 2000-006-G. SCE&G notes that it is not attempting to circumvent the annual PGA review process.

We grant the Company's request. The Company may raise its cost of gas component as requested, beginning with the first billing cycle in March 2003. We believe that the unexpected increase in the cost of gas justifies the change requested herein. The Company shall file tariffs and rate schedules within five (5) days of the receipt of this Order reflecting the change.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Mignon L. Clyburn  
Chairman

ATTEST:

  
Gary E. Walsh  
Executive Director

(SEAL)